**Electronic commerce**



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[Electronic commerce](http://www.wisegeek.com/what-is-electronic-commerce.htm), or e-commerce, refers to economic activity that occurs online. E-commerce includes all types of business activity, such as retail shopping, banking, investing and rentals. Even small businesses that provide personal services, such as hair and nail salons, can benefit from e-commerce by providing a website for the sale of related health and beauty products that normally are available only to their local customers.

**Easy for Businesses**

Although e-commerce once required an expensive interface and personal security certificate, this is no longer the case. Virtual storefronts are offered by a variety of hosting services and large Internet presences that offer simple solutions to vendors who have little or no online experience. Tools for running successful e-commerce websites are built into the hosting servers, eliminating the need for the individual [merchant](http://www.wisegeek.com/what-does-a-merchant-do.htm) to redesign the wheel. These tools include benefits such as virtual shopping carts, [inventory](http://www.wisegeek.com/what-is-inventory.htm) and sales logs and the ability to accept a variety of payment options, including secure [credit card](http://www.wisegeek.com/what-is-a-credit-card.htm) transactions.

**Security Improvements**

Early e-commerce was stunted by security fears, but improved technology has made millions of people worldwide feel comfortable buying online. Seeing the vast potential in online commerce, most credit card companies helped allay fears by guaranteeing that cardholders would not be held responsible for fraudulent charges as a result of [online shopping](http://www.wisegeek.com/what-is-online-shopping.htm). All of these factors have helped e-commerce become a booming industry.

**Convenient for Shoppers**

The popularity of online commerce is understandable, considering the time and hassle involved in running from store to store, searching for an item. It not only takes valuable time and energy, but using transportation usually costs money. [Shopping online](http://www.wisegeek.com/how-can-i-be-safe-while-shopping-online.htm) whenever the mood strikes — even in the middle of the night — has many advantages. Not only is it convenient to shop at a myriad of vendors from the comfort of a computer chair, it’s also a snap to find the best deal by allowing certain shopping sites to sift through all of the sellers.

**Prices Often Lower**

E-commerce also has other advantages. Employee overhead is virtually nonexistent, and the cost of operating a website usually is nominal, especially when compared with the cost of storefront property. To top it off, most transactions are handled by software processes, never requiring a real person until the item is ready to be packed and shipped. This translates into real savings to the customer. As a result, physical businesses often cannot compete with their online counterparts, although consumers do have to watch for inflated shipping fees that might negate the savings of buying online.